



## CALSTRS 95/5

### I. PROGRAM SUMMARY

<b>PROGRAM DESCRIPTION</b>	<p>The <b>CALSTRS 95/5</b> program provides up to 100% financing for teachers and other public school district employees who work in the State of California. The program consists of a 95% LTV fixed-rate first loan, combined with a 5% CALSTRS silent second loan.</p> <p>The CalSTRS silent second loan has a simple interest rate, calculated over 15 years; then, a compounded interest rate for years 16-30. It is priced at the same rate as the first loan. Payments on the second loan are deferred for the life of the first loan (see Repayment of Silent Second Loan below).</p> <p>CalSTRS is the investor for both loans. Both loans are secured by one Deed of Trust and two Promissory Notes. CalHFA services the second loan.</p>
<b>TARGET MARKETS</b>	<p>This program is available to any teacher or public school district employee within the State of California.</p>
<b>PARTICIPATING LENDERS</b>	<ul style="list-style-type: none"><li>• First Mortgage Corporation</li><li>• CUNA Mutual Mortgage</li></ul>
<b>BORROWER ELIGIBILITY</b>	<p>Borrowers must meet the following requirements:</p> <ul style="list-style-type: none"><li>• Be a California teacher or other public school district employee</li><li>• Any CalSTRS account holder</li><li>• Be a U.S. citizen or permanent resident alien</li><li>• Not own other dwellings at COE</li><li>• Occupy the property as their primary residence; non-occupant co-borrowers are not allowed</li></ul>
<b>PROPERTY ELIGIBILITY</b>	<p>Properties must meet the following requirements:</p> <ul style="list-style-type: none"><li>• Be a single-family, one-unit residence</li><li>• Approved condo projects (FHLMC guidelines)</li><li>• Approved attached PUD projects</li><li>• Detached PUD projects</li><li>• Leasehold and manufactured homes considered on a case-by-case basis (up to maximum 90% LTV)</li></ul>
<b>DOWN PAYMENT REQUIREMENTS</b>	<p>0%</p>
<b>BORROWER MINIMUM CONTRIBUTION</b>	<p>The borrower must contribute 1% of the sales price towards the transaction. The remainder can be a gift from a relation with no repayment, or a grant from a government agency or employer-assisted</p>

	housing program approved by CalSTRS and Mortgage Insurance Services.								
<b>TRANSACTION TYPE</b>	Purchase and rate/term refinances; no cash-out refinances allowed.								
<b>MAXIMUM SALES PRICE</b>	None stated.								
<b>MAXIMUM LOAN AMOUNT</b>	<p>(For both loans combined)  High-Cost Area: \$450,000  Other Areas: \$350,000</p> <p>High-cost counties include: Alameda, Contra Costa, Los Angeles (except Lancaster/Palmdale area), Marin, Monterey, Napa, Orange, San Benito, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, and Ventura.</p>								
<b>INCOME LIMITS</b>	None.								
<b>MORTGAGE INSURANCE</b>	<p>Mortgage insurance is required as follows:</p> <table border="0"> <tr> <td><u>MI Premium Plan # 815 – First Loan:</u></td> <td><u>Second Loan:</u></td> </tr> <tr> <td>Coverage: 50%</td> <td>100% of second loan</td> </tr> <tr> <td>Cost: 95 bps (calculated on CLTV)</td> <td></td> </tr> <tr> <td>Due: Monthly</td> <td></td> </tr> </table>	<u>MI Premium Plan # 815 – First Loan:</u>	<u>Second Loan:</u>	Coverage: 50%	100% of second loan	Cost: 95 bps (calculated on CLTV)		Due: Monthly	
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	Seller contributions are acceptable, up to 3% of the sales price; must be used for non-recurring closing costs only.								
<b>BUYDOWNS</b>	N/A								
<b>REPAYMENT OF SILENT SECOND LOAN</b>	Refer to CalSTRS guidelines.								
<b>PROCESS FOR SECOND NOTE SERVICING</b>	Refer to CalSTRS guidelines.								
<b>MAXIMUM AVAILABILITY</b>	No stated limit.								

## II. UNDERWRITING CRITERIA

<b>MINIMUM FICO</b>	Borrower must have a minimum FICO score of 620, or greater and 24
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<b>SCORE</b>	months of satisfactory payment history.
<b>RATIOS</b>	A back-end total debt-to-income ratio cannot exceed 45%.
<b>CASH RESERVES</b>	Two month's cash reserves sufficient to cover PITI; funds from an individual retirement account (401k) may be considered towards cash reserves (excluding CalSTRS retirement account).
<b>BORROWER ED. REQUIREMENT</b>	None.
<b>AUTOMATED UNDERWRITING</b>	Not allowed.
<b>INCOME REQUIREMENTS</b>	Refer to CalSTRS guidelines.

**IMPORTANT DISCLOSURE INFORMATION:**

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. Lenders will need to refer to investor guidelines for specific underwriting and compliance issues. Lenders should be aware that Mortgage Insurance Services' underwriting guidelines are for mortgage insurance only, and not necessarily the same as restrictions imposed by the investor. The more restrictive guidelines apply. This program description is subject to change from time to time without prior notice.

11/03